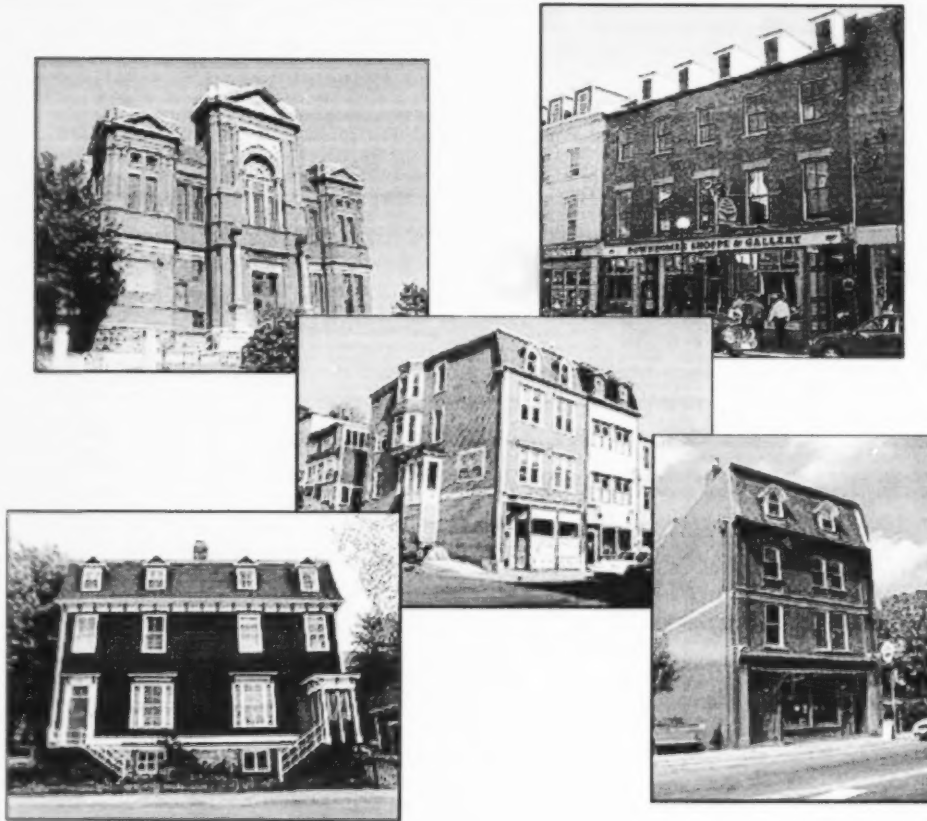

Downtown St. John's Strategy for Economic Development and Heritage Preservation



Background Report No. 2 Key Issues and Challenges

**Prepared by the Study Team
for the Steering Committee**

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Introductory Note

This discussion paper examines several issues and challenges which the consultants believe are central to the development of a strategy for the City's downtown area. Although this document is not intended as the draft development strategy, it does consider various strategic options or models which any strategy for downtown St. John's will need to investigate and assess.

While many of the observations and perspectives contained in this report are still preliminary, we believe it is important to present them to the Steering Committee for their consideration and discussion at this point.

Our intention is to further focus these topics and issues based on the Committee's response, and to supplement the document with additional supporting information collected from our ongoing consultations. It is intended that the revised version of this document will then become one of several background reports provided to participants at the March 4th Heritage Forum.

In this discussion paper we present some of the potential strategic approaches and scenarios which arise in response to several basic questions about the downtown's past, present and future.

These questions include the following:

- ☐ In the City's downtown district, where was economic activity focused in the past?
- ☐ Why did it happen there, and what are the current development trends?
- ☐ Why should the City develop new policies or strategies for conserving its heritage resources and for economic development of its downtown, non-residential sector?
- ☐ What kind of downtown does the City want? What kind of downtown is possible?
- ☐ What are the realistic options and future scenarios for achieving the kind of downtown we want?
- ☐ What kind of strategy should the City adopt?

Key Issues

The heritage core of the St. John's has been the target of municipal strategies for over twenty years, so an important question is: why are we re-thinking this strategy *now*?

The answer, in part, is that there are economic forces sweeping the country (and the rest of the world) that have direct implications for the City; and because there are economic factors and market forces specific to St. John's which appear to place the City at the *cusp of a major decision*.

When one asks the question - *Has the City's heritage strategy worked?* - the answer is a divided, and somewhat ambiguous, one:

- ❑ on the *residential side*, the City's experience is a success story that borders on the astonishing, and some observers say that we are only in the beginning stage of a new wave of rehabilitation investment.
- ❑ however, on the *non-residential side*, compared to what has been achieved in the residential sector, efforts to rehabilitate this sector in the past 10-15 years have not proven as successful. (Though recently the investment trends in the commercial/retail components have been more positive, and economic activity patterns have improved noticeably.)

These general observations are further explored in the sections which follow.

Context

The rationale for heritage conservation and rehabilitation goes much deeper than simply "making us feel good about our past".

- ❑ Buildings, districts and entire cities need an ongoing flow of investment for maintenance, repair and periodic renovation to keep the existing building stock competitive.
- ❑ The \$40 billion building rehabilitation industry is a waking giant; and the rehabilitation projects with the *greatest domino effect* in prompting other maintenance and rehabilitation – by galvanizing the public imagination – are those that address the *best-known* (and purportedly the "most difficult") buildings, namely heritage properties.

When American mayors first undertook a systematic examination of the potential for the rehabilitation of the heritage resources in their cities (at a 1964 meeting *With Heritage So Rich*), it was with the same stated intent: to use high-visibility restoration projects as flagships for a hoped-for renovation boom. The tactic - generally termed the "demonstration effect" - worked. Rehabilitation has been on a thirty-year accelerating growth curve; over the next decade, North America expects to see at least \$5 trillion invested in building rehabilitation.

This Province, along with the City, already supports the concept and underlying philosophy of *sustainable development* which, in an urban context, means *extending the economic life of assets*, i.e. the existing building stock. If North Americans are committed to re-using such items as *small* as pop bottles, then, logically, they should also be prepared to re-use *large* items such as buildings or entire city districts.

In many respects, heritage is a litmus test. It is a barometer of the credibility and growth of the entire renovation process, and of the sustainable development and re-use of civilization's largest tangible manifestation - the city.

Canada has been moving in this direction for some time now. In this country, residential renovation has exceeded new housing (in GDP terms) almost continuously since 1982, and the gap is expected to widen at least until 2020. As such,

- The re-use and rehabilitation of buildings in St. John's and elsewhere will continue to represent a much more important component of "real estate development" than new construction.

These same trends and patterns have also been operating in other jurisdictions for several decades. In the United Kingdom, the *major* success story is Glasgow - a city that the world had written off. By the 1990s, the systematic rehabilitation of entire cities had become a key governmental objective throughout western Europe. At the United Nations *Habitat II* conference in 1996, the international community agreed to recommend that all member nations adopt this approach within their urban communities.

In 1977 St. John's was one of the first Canadian cities to recognize the importance of its heritage resources, and the need to rebuild its downtown residential areas, through a conservation-based investment strategy.

By the mid-1970s it was evident that City's downtown neighbourhoods were under serious threat and in extremely poor condition. A response to this crisis came in the form of a nationally-sponsored initiative, funded by three levels of government - the Neighbourhood Improvement Program (NIP), and its counterpart the Residential Rehabilitation Assistance Program. Between 1975-78 five NIP areas were designated in St. John's and, between 1976 - 1982, just under \$9.0 million were spent to upgrade almost 1,800 dwellings in the downtown areas. Under the NIP component, an additional \$10 million was invested to re-develop and improved residential infrastructure.

In 1976, efforts to renew and rehabilitate the City's downtown core were given further support and encouragement through the designation of a 65-acre Heritage Conservation Area supplemented with a new Heritage By-law established by the City in 1977. At about the same time, the newly-created Heritage Canada Foundation selected downtown St. John's for a major "demonstration" initiative, and provided funding to further assist the residential heritage property rehabilitation process via the St. John's Heritage Foundation, established in 1978. These and other initiatives resulted in a transformation of the City's downtown residential sector.

The City's achievements over the past two decades have recently been honoured by *Construct Canada* which acknowledged the downtown heritage rehabilitation initiative as *one of the ten most significant building projects in Canada in the 20th century*. (The City's accomplishments have also been recognized in other ways. For example a St. John's restoration entrepreneur was elected President of the Canadian Home Builders' Association, and experts from St. John's have been sent to the former U.S.S.R. to show that country how to rehabilitate its cities.)

In light of national and international trends over the past thirty years, it may be seen that:

- ☐ the City's aspirations for its heritage were not only *valid*, but *prescient*;
- ☐ the City has *led by example*; and
- ☐ St. John's is starting to receive a well-deserved *national and international recognition*.

Situation Analysis

The Residential Component

In 1976, on the eve of the launch of the heritage conservation district, one could buy some downtown houses (on leasehold land) for \$3000 - because they were arguably not worth a penny over this price. However by the early 1990s three things had happened:

1. the public sector (housing programs at all three governmental levels) had tackled the "low-end" housing stock, with programs to rehabilitate low-cost housing;
2. the private sector (owners and entrepreneurs) had tackled the "high-end" stock, such that, by 1992, there was hardly a single 3000+ sq. ft. house left to be restored - most had all been *finished*.
3. the "demonstration effect" had prompted owners and landlords in the "middle" to follow suit.

The recession years were less kind. However, although the market for heritage houses (rehabilitated or not) bottomed out in 1995, the situation began a recovery in 1996-7. Currently, the market profile of the downtown residential sector is substantially different: it is now a seller's market, with strong demand from new kinds of buyers - prosperous yuppies, retired couples, professional women, etc. These investors are ready to buy big, and/or renovate big. For example, the City's first \$million-plus condo is in the works as part of a heritage conversion of non-residential space to housing, and six-digit single-unit rehabilitation projects in the downtown residential areas are not uncommon.

Among the factors driving these new market trends, and attracting new buyers into the downtown property markets are

- (a) the heritage "feel" of the area;
 - (b) available views of the Harbour and the "downtown";
 - (c) proximity to nearby commercial and recreational/entertainment activities;
- and

(d) the attractiveness of the "downtown lifestyle".

Factor (a) is underlined by several remarkable features. The market prices which are now demanded - and obtained - speak for themselves. Furthermore, although the City has tolerated vinyl siding, over the past 5-7 years the public appears to have been steadily losing interest in this type of material. According to one developer, the marketplace realizes that "putting on vinyl means throwing away \$10 K in potential sale price". The market now demands more "authentic" materials, consistent with the heritage character and fabric of the area. There is even demand to install Victorian-style decoration where none had existed before.

These market features and conditions suggest that the public's tastes have strongly embraced the heritage character of the downtown residential area.

Factor (b), namely views, also *appears* extremely important. Assuming that people invested heavily in the purchase and/or upgrade of these houses - at least partly because they expected their *viewshed* to be protected and preserved (via the height controls associated with heritage status around the Harbour), it follows that

- ☐ if the city were to renege on the preservation of the views to the harbour, this would not only kill the goose that laid the golden rehabilitation egg;
- ☐ it would also leave quite a few people - many of whom have sunk their life's savings into "that home with a view" - feeling very betrayed, and angry.¹

Continued private sector investment in the *residential* area will depend on whether views are affected, e.g. by decisions (notably height controls) in the *non-residential* and Harbourfront areas of the downtown.

In short, considering what has happened in various property markets, it seems clear that the City's long-standing policy of heritage conservation in these residential areas has been on the right track:

- ☐ it has provided predictability - and therefore assisted investor confidence - by making buyers aware of the "character" that they could expect on a streetscape; and
- ☐ it provided predictability by raising awareness about what facades would be considered appropriate, thus reducing the risk of owners wasting time on "non-starters".

This predictability has been important, if not essential, to the market since few investors will spend six digits on a rehabilitation project if they know that their

¹ Many of the people who invested their cold hard cash in the downtown residential areas during the 1970s were certainly taking a risk. Those who have done so in say the last decade benefitted from the actions of those earlier "risk takers". Nevertheless, the new property investors, too, have taken a gamble. While they have clearly demonstrated their commitment and preference for to a specific market, they have also done so with the expectation that their investment would be "secure". As such, it is their hope and desire that the streetscapes on which their newly restored properties are located, and also the *viewshed* from these areas, will be "protected" and maintained. And, for those who expect to profit from this risk some day, they are "gambling" that the entire downtown residential core will do nothing but continue to improve.

neighbour can then *undo* the "feel" of the street with a contrary-minded project next door.

Only a few years ago, there was a perception that, despite the undisputed success of its residential rehabilitation strategy over the past two decades, the successive waves of residential rehabilitation investment had "plateaued", and that enthusiasm had to be rekindled if the momentum was to be maintained.

However it is now clearly evident that the enthusiasm has returned, at least for the foreseeable future. As such, if it wishes to nurture and strengthen these market forces in its downtown residential sector, the strategic considerations for the City will be

- ☐ to stay the course, because it is on the right and successful track;
- ☐ to do some fine-tuning (e.g. how to ensure a "balanced" demographic structure, and to avoid unwarranted displacement of "livers", in its downtown residential areas): and
- ☐ to avoid throwing what has been achieved, or by undermining the current highly positive residential market trends, by inappropriate policies or decisions pertaining to the non-residential areas (e.g. blocking views of the Harbour).

These issues are further discussed in the next section.

The Non-residential Component

Although there were some successes early on, such as the Murray Premises, the Main Street Program or the George Street initiative (though there is some concern about what has transpired in the latter), in general rehabilitation investment in non-residential buildings *has not kept pace* with the dynamic activity in the residential areas.

The non-residential components fall into several different categories, and include:

- ☐ offices
- ☐ retail (often at the ground floor of office buildings)
- ☐ government / public sector
- ☐ ecclesiastical/institutional

The experience with offices, retail and other commercial premises has been a mixed one:

- ☐ Office vacancy rates appear down considerably, thanks to prosperity tied (at least partly) to natural resources.
- ☐ Although previous oversupply (dating back to the days of the recession) has been able to absorb much of the new demand for space (Class A, B and C), growth in demand will require new space; this could be met either through (a) upgrading or converting existing space (e.g. in under-utilized heritage premises), or (b) new construction.

- ❑ In the commercial retail sector, several local merchants gambled on developing a niche market, by accentuating their distinctiveness (as opposed to suburban chain outlets), and by "upgrading" their premises to capitalize on, and reinforce, this image. (And, as briefly noted above, in the past 2-3 years there has been significant burst of rehabilitation investment in downtown commercial premises.)

There are a significant number of highly visible, privately-held buildings in the commercial core that present no visual appeal whatever – some because they are older buildings which have not been properly rehabilitated, some because they are 1960s-style intrusions which, today, detract from the area's "appeal".

However, the problem of these privately-held buildings is eclipsed by the state of several publicly-owned ones: areas like Water Street East, e.g. the King George V Building (and the old General Hospital just outside the study area) have decayed because governments have not followed the private sector's lead by either rehabilitating their properties or even leasing or locating in rehabilitated buildings.

In a governmental centre like St. John's, this lack of interest by the public sector skews a significant proportion of the market. This is particularly problematic because:

- ❑ the public sector owns some of the most *high-profile* buildings but does not appear to believe in or actively participate in the rehabilitation/reuse process. As such, the private sector finds it difficult to believe in any governmental initiative (such as the City's support for heritage)
- ❑ in addition, the downtown core of St. John's contains many important ecclesiastical and institutional buildings in varying states of repair and use.

In summary, although the private sector appears to have a good track record in converting non-residential heritage buildings to *residential use*, the track record in recycling buildings to new *non-residential uses* is more ambiguous. Few entrepreneurs appear to have the know-how to do so (an important factor, as noted in the case study analysis), and the prospects for *partnering* (e.g. between ecclesiastical owners and the private sector, at places like the Belvedere Convent) for that purpose are not as vibrant and forward looking as they are elsewhere in Canada, the United States and Europe.

The inability to launch a rehabilitation boom in the non-residential areas on the scale of the success on the residential side is particularly problematic: *since it is primarily to the non-residential areas (especially the downtown commercial/retail core) that the City needs to attract tourists (e.g. those coming from tour ships) if it wishes to maximize the economic benefits of its growing tourism market.*

Furthermore, the credibility of the City's commitment to rehabilitation will be **challenged** if the City cannot develop appropriate strategies for its most high-visibility older buildings, namely the ones which tourists on a "shopping spree" would be most likely to see.

Explaining the Apparent Paradox

The foregoing overview suggests that, currently, there is

- ☐ strong support for heritage investment among property-owners, landlords, buyers and would-be buyers for *residential* heritage buildings;
- ☐ strong support in the restaurant/bar industry;
- ☐ growing support among retailers;
- ☐ more sporadic support for the upgrading of heritage buildings for other uses, notably offices;
- ☐ negligible support among public sector facility managers.

How does one explain these discrepancies? How does one explain the fact that many residents will leave their carefully-restored Victorian *homes* in the morning, to work in their *non-residential premises* – which are often *not* an "object of pride" – without once asking themselves why the latter shouldn't be restored too? Why the double standard?

The basic answer is "investor confidence", or rather lack of same:

- ☐ Factors that drive residential rehabilitation are not necessarily the same as those that drive non-residential rehabilitation.
- ☐ People are ready to dip into their savings, or secure loans, in order to improve the aesthetics of their domestic environment; but the same does not necessarily apply to their work environment.
- ☐ This is even more true in the case of commercial landlords. From a business standpoint, they are in no position to undertake major work on their buildings unless there is a viable market among prospective tenants or potential buyers for the improved premises.

Why didn't more commercial/governmental owners and landlords believe that there would be a market for heritage-type improvements to their properties? The answer, according to many observers, is two-pronged:

- ☐ During the years that there was *no money* for real estate investment or new leasing, many landlords may have felt satisfied to leave their property untouched, spending as little as possible on their premises. For these people, owning a building in a designated heritage district was neither an advantage nor a disadvantage – because they had no particular plans to do anything *anyway*.
- ☐ Several owners may have also been quietly speculating, i.e. waiting for the day that *money did come in* (e.g. Hibernia) – with the expectation that *once* oil money started to flow, a way would be found to skirt (or repeal) the heritage designation, in order to do a Calgary-style redevelopment. (This would be another reason to avoid improvements in the meantime, since property owners might easily conclude that any investment made would be "wasted" the moment the site was

redeveloped.)

Given the above context, many investment decisions have likely been dictated by an expectation, on the part of owners, that

1. heritage status would be meaningless to them one way or the other, as long as there were no significant changes in the City's economic fortunes, and
2. as soon as those changes occurred, heritage status would be equally inconsequential because, once the City faced the *real* opportunity to imitate Calgary, it would find that prospect *irresistible*.

Immediate Challenge

The disparity in the track records of residential and non-residential components of the City's heritage districts is not new or unusual. The pattern started to manifest itself years ago. Why, then, is there some urgency in revisiting the issue *now*? The answer involves consideration of two factors.

A. Pursuant to recent work on the Harbour - and the significant increase in visitations by major cruise ships to the region in the last few years - it is clear that St. John's is now in serious contention as a regular destination area for cruise ship markets. The future economic stakes are significant. However, unless the non-residential sector of the downtown is made more interesting for these important visitor markets, tourists will not spend as much money there - and may even let the cruise line know that they are ambivalent about returning.²

B. However perhaps a more important factor is that, as a result of major economic forces within the Provincial economy, the potential demand for office/commercial space in the downtown may be on the verge of a significant upswing.

For years, there may have been owners and business people in the non-residential sector who paid lip service to the heritage status of the area - because "there was nothing better" on the horizon.

That situation is over. For the first time in its history, the potential what might be described as a "Calgarization" of downtown St. John's is no longer a moot question.

Hibernia is on stream and other offshore projects are expected to be developed in the next 2-4 years. In addition, new mineral projects in Labrador are likely to move to the development stage within a few years. As a result of these developments and expectations, the Province's economy had one of the highest growth rates in Canada last year.

² In passing, another key point concerning the future growth of these markets may be noted. This is the issue of "safety" or, more specifically, the desire of such markets to feel safe and secure in the areas they choose to visit. The guarantee that they will be "safe" is very important to consumers in these product markets. It is as important as the downtown "viewshed" is to the new, incoming property owners. As such, having a safe downtown is just as much an economic resource as offshore oil. Maintaining the attractiveness of the downtown core as a visitor destination zone - as well as the image (and the reality) that St. John's is a "safe place" to visit - will be key factors in the future growth of the City's tourism economy.

Whether or not such a format for the redevelopment of downtown St. John's will be acceptable remains to be seen. Nevertheless, it is obvious that this issue is a fundamental one with respect to the objectives and mandate of this study, and to the citizens of St. John's. As such, there are several basic questions, and four broad options, to be considered:

- (a) Will the City stay the course with its existing heritage strategy?
- (b) Does it anticipate that, at least in the non-residential areas, its heritage strategy will presumably give way to Calgarization?
- (c) Should it encourage the development of new Class A space in the downtown core, or should this be encouraged to locate elsewhere?
- (d) Should it adopt a different heritage / rehabilitation / infill strategy?

Development Options

Four alternative development options for downtown St. John's may be suggested. Each of these scenarios envisions a somewhat different, and possibly competing, vision of a "future downtown". These are

- (a) the *status quo*
- (b) "Calgarization"
- (c) a redirection of certain types of economic activity and market demand to non-downtown locations, and/or
- (d) a new heritage, rehabilitation and infill development strategy.

Each of these possible development scenarios is discussed below.

The Status Quo

Maintaining the status quo is not a viable option. The existing strategy, in the *non-residential* areas, has not yet produced enough success to *withstand* a serious alternative proposal to Calgarize the downtown.

This leaves a choice between options (b), (c) and/or (d).

Redevelopment via "Calgarization"

In the past, especially in North America, the typical choice has been to opt for "redevelopment". 1960s conventional wisdom held that redevelopment (i.e. replacement of older buildings with glass and steel highrises) was the "natural" course for prosperous cities. Cities which questioned that model, for example San Francisco, were the exception and not the rule. Although most major American cities discarded this approach in the 1980s (see *Time Magazine*, Nov. 1987), many of them found that, by then, it was too late to change the image they had created for their downtowns. And, despite the lessons learned, this conventional wisdom still prevails in some areas.

One of the chief reasons why the redevelopment option is such a deeply rooted conventional wisdom is that its advocates hold that only this model can generate the best profit margins, for all participants. Furthermore, from a value perspective (versus an economic one), many people still think this model is synonymous with "progress". These perspectives have been easier to maintain especially in those situations where the buildings being replaced were considered "ugly", and have been reinforced in cases where a large number of the older buildings in many downtowns had not been maintained, let alone rehabilitated, for many years. (The King George V building in St. John's is an example of such a case.)

It goes without saying that option (b) - which would likely require a substantial redevelopment of the downtown's commercial and Harbourfront areas - would not only sound the death-knell of many commercial and institutional heritage properties, but would also impair the views from many areas within the residential downtown sector, thereby largely undermining the economic impetus for investment in such areas. In all likelihood, this downtown development scenario would result in a significant loss of personal investment, e.g. through a drop in residential property values, or reduced tourism revenues, e.g. if any development strategy were to make the downtown core less "attractive" to visitors.

As a result, at some future point, the City might discover that its downtown redevelopment strategy had resulted in a situation where it was simply "robbing Peter to pay Paul": in other words, a scenario in which the benefits which had been generated via the development of new highrise office space were being offset, in part or in whole, by a decline in tourism activities, independent downtown retail activities or in residential property investment.

In Europe, a different vision of development has predominated and downtown development strategies have been very different despite comparable rates of growth. Perhaps the best, relevant example is Scotland which, after decades of economic stagnation, has enjoyed a windfall from offshore oil - similar to the one which Newfoundland is now anticipating.

In Scotland, petrodollars were channelled into rehabilitation and infill. Cities such as Edinburgh and Glasgow (which was uniformly coal-black 20 years ago) now have magnificently rehabilitated downtowns and residential districts. Glasgow, which was presumed to be beyond hope, is so completely transformed that it was declared a top "cultural destination" for European tourists. However, from a St. John's perspective, Aberdeen is probably the most pertinent case. This is a city which has been the focus of offshore oil investment for well over two decades, but nevertheless one which clearly demonstrates that it is possible to "have one's cake and eat it too". As the data clearly show, Aberdeen is an excellent example of how "heritage" and "oil" can work hand in hand, and not at cross purposes.

Considering the above, one might reasonably ask: why wouldn't or shouldn't St. John's imitate pertinent cases such as Aberdeen instead of Calgary, particularly if both models involve *about the same amount of "development" (but in different formats)?* The answer, in part, is that this choice is affected by several factors. For example:

- ❑ Some segments of the business community may have a strong desire that the City transform itself to *look* like an oil capital (i.e. Calgary), primarily because it is believed that oil-related firms only want the kind of Class A space available in a highrise tower.

- ❑ Some City residents might agree with this notion, i.e. for the same reasons of "image".
- ❑ However, some people may not turn to or consider a different model (like Aberdeen) because many are not familiar with that city, or realize that it, too, is another oil capital.
- ❑ In short, many people find it difficult to comprehend how a place like Aberdeen (or Glasgow and Edinburgh) could provide as much Class A space as it does without highrise towers. And many would have difficulty understanding how there could be as much economic activity there as in a city with a "redeveloped" downtown.

If St. John's were to state its preference for a different model of downtown non-residential development, it is logical that there would be the usual accusations from some quarters that this represented an "anti-development mentality" or a vision which was trying to "freeze Newfoundland in the past". Thus, when the first Calgary-style redevelopment proposal comes forward – *as it no doubt inevitably will* – the City could face a political polarization on the issue of whether or not the heritage status of the downtown should give way to this redevelopment construct. It must be prepared to address two basic questions:

1. How will it justify taking a different direction than the one which many Canadian business managers assume to be the "normal" pattern of development? and
2. Aside from the political repercussions, how will it meet the expected demand for Class A space?

Redirection of Development

Option (c), i.e. a strategy which would involve directing new Class A space (and other new economic activity) *elsewhere* than the downtown, might address the relevant heritage conservation issues, but it is not without its potential pitfalls.

This scenario would seek to achieve what some of the world's most prestigious cities - e.g. London and Paris - have managed to accomplish, namely to have *two downtowns*. (A relevant Canadian example is Québec City). Such communities have two separate and distinct "downtown" areas:

- ❑ a *traditional* downtown whose "prestige" space includes palatial baroque offices with 14-ft. ceilings, and
- ❑ a *modern* downtown with Class A space on the typical North American (e.g. Dallas-type) model.

In cities where this two-track development strategy has been successful, it has been well received by *all* segments of the corporate community, especially since it permits the accommodation of two different types, or "images", of "prestige" space.

However, striking the right balance is not as easy as it appears. For example, experience elsewhere shows that, once Class A space starts to migrate from the central core (e.g. to the suburbs), it is hard to prevent the core from embarking on a downward spiral (similar to what happened in the City's downtown commercial core during the 1960s and 1970s).

In other words, in such a two-track scenario, not only is it difficult to control the *amount* of activity that is redirected, it is also difficult to control its ultimate *destination*. If the City acquires a reputation (in the corporate community) of treating developers and head offices as "unwelcome", development might shift beyond the City's boundaries altogether: to Mount Pearl or (worse) Halifax. Obviously such a result would not be in the City's interest.

The Heritage, Rehabilitation and Infill Development Model

An alternative approach to redevelopment of the downtown's non-residential sector - involving a combination of heritage conservation, rehabilitation and appropriate infill - is both logical and appropriate. However it would need to address and resolve several basic factors and issues. For example:

1. It must be *physically capable* of bringing new space on stream (via rehabilitation, conversion and/or infill), to meet a growing demand, i.e. for Class A and Class B office space;
2. It must be capable of bringing *enough* space on stream to guarantee an ongoing major corporate presence downtown, and thus minimize or avoid an exodus to the outlying areas;
3. That space would need to be developed and sold/leased at *competitive market rates*; and
4. That space must *appeal* to the prospective clientele.

Considering the above prerequisites, this development option has to address these critical challenges because 1. the Calgary model *does* appear to meet the above parameters, and 2. the heritage/rehabilitation/infill model is not usually *perceived* as doing so - unless mobilized in ways that the business community has not yet seen in St. John's.

Therefore, if the heritage/rehabilitation/infill model is to *compete effectively* with the Calgary model, it must be *structured so that it can meet those objectives on a competitive basis*.

Some people may wish to duck this critical issue by stating that they don't care whether this development model is "competitive" with the "Calgarization" approach. They would argue that heritage resources, the City's viewshed or the "character" of the downtown are more "worthy" of protection *on other grounds*.

However laudable this perspective may be, it would be cold comfort to the decision-maker who may be bracing for a confrontation with contrary-minded members of the business community. Can such a confrontation be avoided?

On the other hand, interest groups and decision makers favouring a "Calgary-type" approach to downtown redevelopment would also have to face the potential implications and outcomes of such a scenario. One is the obvious fact that such a direction would seriously threaten what remains of the heritage resource base in the City's non-residential sector; indeed, if carried to its logical conclusion, this approach would ultimately lead to their extinction. (In this respect, it is critical to remember that the heritage conservation/rehabilitation option is a "one-time opportunity": if the heritage base is lost, it is gone forever.) However, there are also other significant economic factors and implications which would need to be considered. These include, for example:

- ❑ the fact that the heritage fabric and image of the downtown area is a major contributor to the growth which has occurred in the City's overall tourism industry. It is therefore logical to conclude that any potential benefits which may derive from a "Calgarization" strategy would be reduced by concomitant economic losses in tourism revenues that this approach would clearly produce. This, in turn, would have significant negative impacts on current development trends in the downtown commercial core, and on investor confidence in this area;
- ❑ it may also be argued that the redevelopment approach could have a substantial impact on the future growth of the City's (and the Province's) offshore oil sector, and on its related economic spin-offs. Obviously most visitors and tourists come to St. John's because it is an "attractive" place to visit. But these same attributes also make the City an attractive place in which to work. There is a growing awareness that, compared to a decade or so ago, this City is now an "exciting", attractive and "unique" place in which to do business - and in which to locate one's corporate offices. Thus, while the growth of oil-related activities in St. John's is obviously related to the excellent prospects of petroleum resources - 200 miles *offshore*, to the east of the City, it is also further enhanced by the heritage resources, the streetscape character, the distinctive fabric of the non-residential core, and to the transformed residential neighbourhoods, that are located *onshore*, within 2-3 miles of the Harbour.

Charting a Different Course

Considering the above observations, it is obvious that there is a strong desire to see St. John's develop as the "oil capital" of Eastern Canada and, given the prospects for offshore petroleum, there is every reason to conclude that it can do so. However, it is also reasonable to suggest that petroleum-driven economic growth need not be in competition with other equally valid possibilities for economic expansion. Thus, as we have suggested, continued development of the City's economy is also integrally linked to future growth of tourism activities, investment in the commercial retail sector, the conservation and rehabilitation of its cultural heritage resources and the maintenance of its physical/townscape fabric. All of these, too, are economic resources - in the very same sense that petroleum reserves also are.

Because decisions for one sector can have significant implications for another, it makes eminent sense to avoid "single-track" growth strategies. But this proposition can be stated in a more positive manner: that the best approach would see the City using major engines of growth - such as petroleum activities - in conjunction with other economic resources and opportunities - to generate prosperity, a sustainable economic future for the entire City and, in the process, a commercially diversified, attractive and vibrant downtown area.

If the above approach were successful, the result could be a "Calgarization" of the St. John's *economy*, but not one which required the "Calgarization" of its *downtown*. Such a strategy would be based on the dictum that, indeed, it is possible *to have one's cake and eat it too*.

However, assuming that economic "Calgarization" is desirable and achievable, it is evident that such a "future" will require the City to deal not only with the spatial demands that such an economic growth path will generate, but one which can also counter, in practical ways, the deeply-rooted conventional wisdom discussed above.

In short, the question needs to be asked: Is it possible to devise a "win-win" alternative scenario which clearly demonstrates that the heritage conservation/rehabilitation option is not only more *meritorious*, but is also capable of achieving the desired objectives and economic outcomes in a more effective, i.e. competitive, manner?

Considering the experience in other jurisdictions, it is clear that it is possible to achieve such outcomes, and this is where the challenge lies for those who favour the heritage/rehabilitation option, as opposed to the redevelopment scenario we have been describing.

Given the unique physical structure of St. John's, the extensive heritage resources within its downtown residential and non-residential districts and the desire to expand and develop its economy and achieve prosperity for all of its citizens, it will not be easy to design and implement a strategy which embodies the concept of "having our cake and eating it too".

For example, although some of the potential demand for new office and commercial retail space can be met by low to medium-rise infill construction, this may not go very far. One basic reason is that there is only a modest amount of vacant land in the downtown core of St. John's. Furthermore, if a heritage-based rehabilitation model is to be effective and successful, several other matters will have to be addressed:

1. the business community would have to be shown – in graphic and concrete terms – *how* it can (a) create and (b) enjoy "prestige" space in converted heritage buildings;
2. the *taste* (i.e. buyer appreciation) for that kind of prestige space would need to be nurtured;
3. the *skills* to bring such spaces on stream would need to be transmitted, and mobilized;
4. public sector owners and managers would need to be persuaded that governments can be part of the solution instead of the problem;
5. the ecclesiastical/institutional sector must be shown how it can join forces with other sectors to capitalize on its own heritage buildings; and

6. finally
all of the above presumes, and will require, direct contact with the business and governmental communities on a scale not previously undertaken in St. John's.

Concluding Remarks

It is often said that when one knows the right question, one already has three-quarters of the answer.

At this early stage, the foregoing *appears* to be the nature of the questions. We look forward to hearing the Steering Committee's views on the issues and questions raised in this discussion paper, and to working with them on determining what some of the answers should - and can - be.